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Public

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To: Chairman of the Committee of Government
Representatives on Civil Society Participation,
c/o Tripartite Committee (Ref. Civil Society)
United Nations Economic Commission for
Latin America and the Caribbean

From: John Grunwald

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Fax: 1-202-296-0826

Re: Free Trade Area of the Americas

Date: March 12, 1999

Dear Sir or Madam:

We support the establishment of a Free Trade Area of the Americas for the following reasons.

We are for free trade worldwide and consider the establishment of an FTAA a necessary and logical second step after the establishment of NAFTA. However, we would like to make sure that the flaws of NAFTA will not be repeated when FTAA is established. We particularly object to the staging process in NAFTA where some product lines did not come to zero tariff until five to ten years after the original establishment of NAFTA. We nevertheless consider NAFTA a success in spite of the fact that several industrial organizations have recently moved to Mexico to take advantage of lower labor costs. We strongly believe that this would have happened with or without NAFTA. In fact, the United States had only to gain from NAFTA because we are getting increased access to the Mexican market whereas Mexico always had access to our markets through the unconditional granting of GSP. The same situation exists in other part of Latin America, where our products encounter stiff tariffs and quotas, whereas the products of Latin American countries enter the U.S. free of tariff due to GSP. In this connection I have to add that while we support the underlying principle of GSP, we feel that the entire principle thereof should be changed in such a way that the beneficiary country of GSP should also be required to grant favorable treatment for products manufactured in the United States.

We also feel that a free trade area is just that--an area free of any tariff or non-tariff barriers and, therefore, no social or environmental conditions should be attached to it. This does not mean that once the FTAA is established we **cannot have** any environmental controls--quite the contrary. Some kind of uniform environmental requirements should be required, but only after the FTAA is established and not as a precondition for it.

We also realize that several South and Central American countries are engaged in negotiations with the EU which would grant them reciprocal concessions from the EU and to the EU by them. In such a case, FTAA trade must have priority over the EU trade, although we have no objections to each free trade area granting complete barrier-free trade to the other trading block on a reciprocal basis after the FTAA comes into being.

Since this comment is relatively short, we do not feel the need for an executive summary.

Sincerely,

John A. Grunwald
Vice Chairman of the Board

JAG:cc

cc: Brent McClendon
Larry Frye
Betsy Ward